

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 15 January 2020 commencing at 2.30 pm and finishing at 4.05 pm

Present:

Voting Members: Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)
Councillor Paul Buckley
Councillor Dr Simon Clarke
Councillor Charles Mathew
Councillor D. McIlveen
Councillor Glynis Phillips
Councillor Roz Smith

Non-voting Members: Dr Geoff Jones

By Invitation: Adrian Balmer, Ernst & Young

Officers:

Whole of meeting Lorna Baxter, Director for Finance; Sarah Cox, Chief Internal Auditor; Colm Ó Caomhánaigh, Committee Officer

Part of meeting

Agenda Item

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7

Officer Attending

Tim Chapple, Treasury Manager

Tessa Clayton, Audit Manager; Katherine Kitashima, Audit Manager; Paul Fermer, Assistant Director Community Operations

The Committee considered the matters, reports and recommendations contained or referred to in the agenda and addenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

1/20 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies for absence. The Chairman noted that there was still a vacancy but expressed confidence that it would be filled by the next meeting.

2/20 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

3/20 MINUTES

(Agenda No. 3)

The minutes of the meeting held on 13 November 2019 were approved and signed.

On item 81/19, Councillor Roz Smith stated that she appreciated the way in which the discussion and vote had been comprehensively recorded in the minutes.

4/20 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2020/21

(Agenda No. 5)

Tim Chapple summarised the report. He noted that the very recent data showing inflation to be lower than expected had increased the prospect of an interest rate cut.

Officers responded to questions from members of the Committee as follows:

- The repayment of Council borrowing on behalf of OxLEP through retained business rates of the enterprise zone (Paragraph 37) will not be impacted by any government review of business rates.
- The borrowing on behalf of OxLEP is one-off. Grant funding is used first and then borrowing will come in. Any risk is related to the timing of the receipt of business rates. It depends on the sustainability of businesses in the enterprise zone. This is covered by a Memorandum of Understanding with the Vale of White Horse District Council. A copy of this will be circulated to members of the Committee.
- The borrowing could be a mixture of internal and external depending on what is most prudent at the time.
- Any changes made under the provisions of Paragraph 16 will be reported to Cabinet.
- With regard to investments that may make a positive contribution to the Council's carbon commitment (Paragraph 10), this is a young market and there is currently very little available. Advice from Arlingclose and CIPFA will be taken into account.

Councillor Charles Mathew stated that he was not satisfied with the level of democratic accountability at OxLEP. Lorna Baxter responded that there was a representative of each Oxfordshire council as a director on OxLEP.

RESOLVED: to endorse the Treasury Management Strategy for 2020/21 as outlined in the report.

5/20 EXTERNAL AUDITORS

(Agenda No. 6)

The Chairman noted that he asked Ernst & Young for a written report after the pre-meeting briefing on Friday as he was not happy with verbal reports.

Sarah Cox added that she had just met with Ernst & Young representatives in order to clarify when written reports are needed in the Work Programme.

Adrian Balmer reported that they were now in the planning phase and that the Audit Plan will be brought to the March meeting. The January meeting was a little too early for this.

He responded to issues raised by members of the Committee as follows:

- The Audit Results Report will be presented to the Committee meeting on 22 July. It is expected that they will meet the deadline of 31 July as they did last year.
- The threshold for “significant” contracts will be stated in the plan. A sample of contracts will be reviewed and they will examine any non-standard terms. This work will link to the work of internal audit.
- In cases where the volume of business may have a wider impact than the monetary value, this can be taken into account in the risk assessment.
- The objection on the 2016/17 accounts has been cleared. With the 2017/18 objection, they responded to the PSAA before Christmas and await their consideration.

Councillor Glynis Phillips asked that the external auditors take a look at any contracts with the NHS as she would be interested in their views.

6/20 INTERNAL AUDIT PLAN - PROGRESS REPORT

(Agenda No. 7)

Sarah Cox introduced the report. The performance achieved as shown on Agenda Page 30 is not where she wants it to be but the recruitment problems have eased and the percentage has increased since the report was drafted.

Officers responded to points raised by members of the Committee as follows:

- Audits are only deferred for the right reason. So for example, “Contract Procurement – Decision Making” has been deferred because the provision cycle is being reviewed so there is no value in conducting an audit now.
- Similarly, the Growth Board is under review so the audit for “Oxfordshire Housing and Growth Deal – Accountable Body” has been deferred.
- With the Oxford City Council Agency Agreement, the problems are not all about resources but include wider corporate issues not only related to this agreement.
- Technology for ICT Disaster Recovery Planning will only be in place by March 2020 and this audit will be prioritised in the next financial year.
- The schools being ‘defederated’ (Agenda Page 36, Q1 Advice to schools) are council-maintained schools.
- The threshold of 616 potholes to be completed (Agenda Page 43, second last paragraph) is not a cap – it is a budgetary calculation. There is a risk that additional funds may be requested or delivery will be reduced for the remainder of the year. High risk potholes are being prioritised. KPIs will be more robust and performance meetings will be more rigorous.
- There will be greater engagement in locality meetings. Although the Oxford locality meeting has been cancelled, a dedicated briefing on highways will be set up.

- The Value for Money review is with the Assistant Director Community Operations at the moment.
- With regard to the red rating for Data Processing under “Call Confirm Live IT Application Audit”, an action plan and timescales have been agreed. It will be flagged with the Audit Working Group if there are any problems. In Quarter 4 client charging and payments will be revisited.

RESOLVED: to note the progress with the 19/20 Internal Audit Plan and the outcome of the completed audits.

7/20 AUDIT WORKING GROUP REPORT

(Agenda No. 8)

The Chairman reminded Members that, while certain Members are on the Audit Working Group, they are all welcome to attend meetings.

RESOLVED: to note the report.

8/20 WORK PROGRAMME

(Agenda No. 9)

The Chairman reminded members of the Committee that the Committee’s Annual Report will be drafted soon. It is intended to circulate a draft well in advance of the March meeting where it will be discussed. He suggested going back through agendas to identify the highlights.

Councillor Glynis Phillips suggested that it might be better to focus on one issue in detail rather than listing everything.

Geoff Jones suggested an emphasis on achievement – citing the Skanska and Treasury Management discussions as those that had the greatest benefit to the Council.

The following changes were agreed:
 18 March 2020 - Ernst & Young Audit Plan
 16 September 2020 – add Financial Management Code

The Chairman noted that this was the last meeting with Colm Ó Caomhánaigh as Secretary as he is switching to cover another Committee. Members asked that their appreciation for his work with the Committee over the last three years be recorded. Lucy Tyrrell will be Secretary to the Committee going forward.

..... in the Chair

Date of signing